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FILED

13 SEP 11 PM 3:55

CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

BY: _____

8 UNITED STATES DISTRICT COURT
9 FOR THE CENTRAL DISTRICT OF CALIFORNIA

10
11 ELAINE GREGORIUS,

12 Plaintiff,

13 vs.

14 ESSEX FUTURES, an entity the form of
15 which is unknown; GHOLAMREZA
16 SHIRAZI aka REZA SHIRAZI, an
17 individual; MICHAEL HANSON, an
18 individual; and DOES 1 through 10,
19 inclusive,

20 Defendants.

SACV13-1412 (JLC (RNBx))
CASE NO.

COMPLAINT FOR:

1. Violation of Commodity Exchange Act of 1936 (7 U.S.C. 1, et seq.);
2. Violation of Commodity Futures Trading Commission Act of 1974, Title 17, Chapter 1 CFR;
3. Breach of Contract;
4. Breach of Fiduciary Duty;
5. Negligent Supervision;
6. Intentional Misrepresentation;
7. Negligent Misrepresentation;
8. Fraud;
9. Financial Elder Abuse (Welfare and Institutions Code §15600, et seq. and Calif. Civil Code §3345);
10. Declaratory Relief;
11. Accounting;
12. Involuntary Trust Pursuant to Calif. Civil Code §2224

(JURY DEMANDED)

21
22
23 JURISDICTION AND VENUE

24 1. The United States District Court for the Central District of California has jurisdiction
25 over this action as a result of the Defendants' violations of the Commodity Exchange Act of 1936,
26 codified at 7 U.S.C. 1, et seq., the Commodity Futures Trading Commission Act of 1974, at Title 17,

1 Chapter 1 Code of Federal Regulations and violations of the Dodd-Frank Wall Street Reform and
2 Consumer Protection Act of 2010 at 7 U.S.C. §12, et seq., and the amount in controversy exceeds the
3 sum of \$75,000.00, exclusive of interest and costs.

4 2. Venue is proper in the Central District of California pursuant to 28 U.S.C. §1391(a),
5 in that a substantial part of the events and/or omissions giving rise to the claims at issue occurred in
6 this judicial district.

7 IDENTITY OF THE PARTIES

8 3. Plaintiff Elaine Gregorius (hereinafter "Plaintiff" and/or "Elaine") is an individual
9 who resides in the County of Orange, State of California.

10 4. Defendant Essex Futures (hereinafter "Essex") is a business entity, the form of which
11 is unknown to Plaintiff, and Plaintiff is informed and believes that the Defendant's principal place of
12 business is located in the County of Orange, State of California.

13 5. Defendant Gholamreza Shirazi (hereinafter "Reza") was at all operative times
14 employed by Defendant Essex and Plaintiff is informed and believes that Reza resides in the County
15 of Orange, State of California.

16 6. Defendant Michael Hanson (hereinafter "Hanson") is an individual who Plaintiff is
17 informed and believes resides in the County of Orange, State of California.

18 7. The true names and capacities of defendants identified as Does 1 through 10 are
19 currently unknown to Plaintiff who, therefore, sues such defendants by these fictitious names. When
20 the true names and capacities of Does 1 through 10 are ascertained, Plaintiff will amend this
21 Complaint to assert their true names and capacities. Plaintiff is informed and believes and based
22 thereon alleges that each fictitiously named defendant is responsible in some manner for the
23 occurrences herein alleged and that Plaintiff's damages, as herein alleged, were proximately caused
24 by each such defendant.

25 8. Plaintiff is informed and believes and, on that basis, alleges that, at all times herein
26 mentioned, all defendants herein, whether named or fictitiously designated (hereinafter collectively

1 referred to as "Defendants"), were the agents, servants, employees, joint venturers, and/or the alter
2 egos of the remaining Defendants, and the acts of each Defendant were within the course and scope
3 of their agency, service, employment, and with permission, consent and ratification of each other
4 Defendant.

5 9. Plaintiff is informed and believes and on that basis alleges that, at all times herein
6 mentioned, all Defendants herein, whether named or fictitiously designated, conspired with each
7 other to commit the acts complained of herein, said acts causing the damages to Plaintiff as alleged
8 herein.

9 10. Plaintiff is informed and believes and on that basis alleges that the acts of each
10 business entity, whether named or fictitiously designated, committed the acts complained of herein
11 with the authorization, consent, and/or ratification of its officers, directors, managers, partners,
12 members and/or shareholders of said entity.

13 11. Plaintiff is informed and believes and on that basis alleges that at all times relevant
14 hereto, the Defendants and each of them, whether named or fictitiously designated, conducted their
15 business within the State of California, generated significant revenues from their presence within the
16 State of California and committed a substantial part of the acts complained of herein in the Central
17 District of California.

18 BACKGROUND FACTS

19 ELAINE GREGORIUS

20 12. Plaintiff Elaine was at all relevant times a woman, approximately 74 years of age
21 who, during the commission of all of the acts alleged herein, suffered from a medical condition
22 identified as Hydrocephalus, commonly referred to as "water on the brain".

23 ESSEX FUTURES

24 13. Defendant Essex holds itself out as being an experienced Orange County, California
25 futures brokerage firm with 21 years of experience offering top rated, professionally managed futures
26 accounts. Defendant Essex further represents that its brokers can place orders directly to the

1 exchange floor pits in Chicago and New York without the use of a "middle man" and without delay.

2 GHOLAMREZA SHIRAZI

3 14. Reza was, at all operative times, employed by Essex and was the licensed broker who
4 managed Plaintiff's account with Defendant Essex. At all relevant times, Reza communicated with
5 Plaintiff, either in person, by telephone, correspondence and/or other forms of electronic
6 communication including but not limited to email.

7 MICHAEL HANSON

8 * 15. Hanson was a used car salesman at the time of meeting Plaintiff Elaine and her
9 daughter Elizabeth Gregorius (hereinafter "Elizabeth"). Hanson was responsible for selling a used
10 motor vehicle to Elizabeth which is further discussed below and was the individual who introduced
11 Elaine to Reza and Essex and was complicit in all of the acts alleged herein.

12 STATEMENT OF THE CASE

13 16. In or about February of 2010, Plaintiff Elaine and her daughter Elizabeth became
14 acquainted with Hanson who, at that time was employed as a used car salesman at an auto dealership
15 entitled Chevrolet of Irvine. Hanson in fact sold a used motor vehicle to Elaine for her daughter,
16 who had recently moved to California from the State of Florida.

17 17. Almost immediately thereafter, Hanson initiated a personal relationship with
18 Elizabeth and methodically began to involve himself in the financial affairs of Elaine Gregorius.
19 Hanson quickly ascertained that the Plaintiff was suffering from the medical condition identified
20 above as Hydrocephalus, and used his knowledge of that condition, coupled with the Plaintiff's total
21 lack of experience in financial matters as was Plaintiff's daughter Elizabeth, to tender financial
22 advice and recommendations to Plaintiff. During that period of time, Plaintiff maintained a
23 brokerage account with a reputable brokerage company located in the City of Chicago, identified as
24 Mesirow Financial, which had a balance as of May, 2011, of approximately \$1,000,000.00 (the
25 "Mesirow account").

26 18. Hanson would frequently visit Elizabeth at the home of her mother, a widower and,

1 after a period of time, was essentially residing with the Plaintiff and her daughter, notwithstanding
2 the fact that he owned a home in Orange County. As a result of the close relationship with both the
3 Plaintiff and her daughter, Hanson acquired information regarding the Mesirow account and began to
4 lobby the Plaintiff to close the Mesirow account and allow him to essentially handle her financial
5 affairs.

6 19. The Plaintiff, due to her medical condition, was not functionally capable of
7 understanding the ministrations of Hanson, who had insinuated himself into the family in such a
8 fashion as to give the illusion of trustworthiness.

9 20. Plaintiff, having been seduced by Hanson's statements that he, and he alone, could
10 best increase her investment portfolio, did in fact close the Mesirow account, which funds were
11 transferred to an entity identified as Millennium Trust Company, an IRA administrator, located in
12 Oak Brook, Illinois.

13 21. Once Hanson had successfully convinced Elaine to close the Mesirow account, he
14 then began to militate that she allow him to introduce her to a brokerage company, the Defendant
15 Essex, and specifically a broker who was employed there, identified as Defendant Reza.

16 22. Hanson, having access to the financial portfolio of Plaintiff, convinced her that, given
17 the fact that he himself had a commodities account with Essex, her financial interests would best be
18 served by opening an account with the same brokerage company and to begin trading in commodities
19 and futures. Neither Plaintiff Elaine nor her daughter Elizabeth had any education in, or experience
20 with, commodities and/or futures in any form, shape or fashion.

21 23. As a result of Hanson's persistent instructions to Elaine that it was necessary to
22 immediately commence a relationship with Essex, she allowed Hanson to introduce her to Defendant
23 Reza at the offices of Essex.

24 24. Shortly thereafter, Plaintiff in the company of her daughter Elizabeth, and Hanson met
25 with Reza at the offices of Essex at which time it was suggested by both Hanson and Reza that, due
26 to Elaine's medical condition, she should initiate a trading account with Essex and authorize Hanson

1 to essentially handle the administration of said account, including but not limited to placing orders to
2 purchase and sell certain commodities and/or futures.

3 25. At no time was the Plaintiff given an Essex customer contract, Essex Managed
4 Account Agreement, Essex Managed Account Authorization, Essex Standard Risk Disclosure, Essex
5 Fee Schedule, Essex Fee Authorization, or any other documentation containing the imprimatur of
6 Essex. Furthermore, at the initial meeting wherein Elaine's account was activated, Reza made
7 representations consistent with the representations stated by Essex on the Essex Future's website.

8 26. It is common knowledge within the investment community that the trading of
9 commodities and/or futures is a high risk activity, best left to experienced investors, none of which
10 was communicated to Elaine by either Reza, Hanson or any other representative of Essex. The lack
11 of knowledge in dealing with commodities and/or futures by both Plaintiff and her daughter was
12 communicated to both Reza and Hanson who, nonetheless, encouraged Plaintiff to commence
13 actively trading in the area.

14 27. Subsequent to the initiation of the investment account, the Plaintiff underwent
15 invasive brain surgery to mitigate the aforementioned medical condition she had been suffering from,
16 which condition greatly diminished her ability to comprehend the vagaries of day to day living, let
17 alone the intricacies of trading in commodities and/or futures. With that said, and having been
18 advised by the trusted Defendants, Hanson and Reza stated that they would oversee Plaintiff's
19 brokerage account, at all times exercising the requisite perspicacity they stated to Plaintiff that they
20 possessed, Plaintiff opened the account.

21 28. During the year 2012, Plaintiff suffered trading losses in an amount believed to be in
22 excess of \$520,000.00. A review of trading statements for that period of time reflects that the
23 Plaintiff's account was, in the vernacular of the brokerage industry, "churned and burned",
24 generating substantial commissions to Essex and Reza. Furthermore, Plaintiff is informed and
25 believes that Essex and Reza compensated Hanson, in violation of the Commodity Exchange Act
26 and relevant sections of the Commodity Futures Trading Commission Regulations, from fees

1 generated from the unlawful manipulation of Plaintiff's brokerage account.

2 29. During the pendency of Plaintiff's account with Essex, Hanson clandestinely
3 approached Plaintiff and fraudulently induced her to "loan" him the sum of \$100,000.00. Hanson
4 misrepresented to Plaintiff that he was seeking to borrow said sum for investment purposes. Plaintiff
5 is informed and believes that in truth and fact, Hanson had suffered trading losses to his own
6 commodities account at Essex and was unable to cover said losses necessitating the loan scheme
7 perpetrated upon Plaintiff by Hanson. Attendant to said loan, Hanson is presently indebted to
8 Plaintiff in the amount of \$70,000.00, having repaid \$30,000.00 of the loan and is now seeking the
9 protection of the United States Bankruptcy Court to discharge the remaining balance which was
10 fraudulently obtained by Hanson from Plaintiff.

11 30. In or about December of 2012, Plaintiff was contacted by a representative of
12 Millennium, the IRA administrator, who advised her that she should take a very close look at the
13 remaining balance in her Essex account, given the fact that the approximate \$800,000.00 initially
14 invested had been diminished to a remaining balance of approximately \$129,000.00.

15 31. Plaintiff having a restored sense of capacity subsequent to the invasive surgery for the
16 pre-existing medical condition, did heed the advice of Millennium, quickly ascertaining the truth of
17 the representation made by said Millennium employee, and immediately closed out the Essex
18 account, withdrawing the remaining balance of approximately \$129,000.00.

19 32. As of the date of this Complaint, Plaintiff has suffered trading losses due to the
20 unlawful and unethical practices of Essex, Reza, Hanson and Does 1 through 10, in the amount of
21 approximately \$520,000.00.

22 COUNT ONE

23 Violation of Commodity Exchange Act

24 (7 U.S.C. 1, et seq.)

25 (As against all Defendants)

26 33. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 32 as

1 though fully set forth herein.

2 34. Defendants and each of them violated the Act by failing to provide to Plaintiff an
3 Essex Managed Account Agreement, Essex Managed Account Authorization, Essex Standard Risk
4 Disclosure, Essex Fee Schedule, Essex Fee Authorization, or any other documentation containing the
5 imprimatur of Essex. Furthermore, Defendants misrepresented material facts concerning
6 commodities and futures trading, upon which Plaintiff relied, to her financial detriment.
7 Additionally, Defendants failed to comply with all the requirements of the Commodity Exchange Act
8 and further amendments made pursuant to the Dodd-Frank Wall Street Reform and Consumer
9 Protection Act (7 U.S.C. §12, et seq.). Plaintiff has been damaged in an amount to be proven at trial,
10 but which Plaintiff is informed and believes is in excess of \$500,000.00.

11 COUNT TWO

12 Violation of Commodity Futures Trading Commission Act of 1974, Title 17, Chapter 1 CFR

13 35. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 32
14 and 34 as though fully set forth herein.

15 36. The Commodity Futures Trading Commission (hereinafter the "CFTC") regulates
16 enforcement of the requirements of the Commodity Exchange Act and amendments thereto, and are
17 charged with the responsibility to regulate the activities of licensed brokers such as the Defendant
18 Essex. As a result of Defendant's failure to comply with said regulations, Plaintiff has been
19 damaged in an amount to be proven at trial, but is believed to be in excess of \$500,000.00.

20 COUNT THREE

21 Breach of Contract

22 (As against Defendants Essex and Reza)

23 37. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 32, 34
24 and 36 as though fully set forth herein.

25 38. Defendants Essex and Reza at all relevant times herein breached the oral agreement
26 between the respective parties by failing to comply with the mandates of the Commodity Exchange

1 Act; the CFTC and relevant sections of the Dodd-Frank Wall Street Reform and Consumer
2 Protection Act of 2010 (hereinafter the "Dodd-Frank Act"), all to the detriment of Plaintiff Elaine.
3 Defendants' excessive trading of the account, generating significant fees to Defendants, coupled with
4 other unlawful conduct articulated below, also breached the agreement between the respective
5 parties. At all relevant times herein, Plaintiff complied with her obligations pursuant to the oral
6 agreement.

7 39. Plaintiff has been damaged by Defendants' breaches of contract in an amount to be
8 proven at trial, but which Plaintiff is informed and believes is in excess of \$500,000.00 which
9 exceeds the jurisdictional minimum of this Court.

10 COUNT FOUR

11 Breach of Fiduciary Duty

12 (As against all Defendants)

13 40. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 32,
14 34, 36, and 38 through 39 as though fully set forth herein.

15 41. Defendants Essex and Reza formed a special relationship with Plaintiff by inducing
16 her to enter into a brokerage agreement for the trading of commodities and/or futures. Said
17 brokerage agreement, pursuant to the aforesaid Commodity Exchange Act and the CFTC regulations
18 imposes a fiduciary duty upon Essex and Reza arising from that "special relationship".

19 42. Defendants breached their fiduciary duty by the acts and omissions set forth above,
20 including but not limited to misrepresentations of fact with the intention of fraudulently inducing
21 Plaintiff to enter into said brokerage agreement upon which Plaintiff justifiably relied to her financial
22 detriment, as stated in the following counts.

23 43. Defendant Hanson formed a special relationship with Plaintiff by accepting the
24 responsibility to instruct Defendants Essex and Reza to execute trades on Plaintiff's brokerage
25 account which authorization was received as a result of intentional misrepresentations of fact by
26 Hanson and omissions to represent the relationship between Hanson and Essex and Reza in terms of

1 “fee splitting”, which misrepresentations were justifiably relied upon by Plaintiff to her financial
2 detriment.

3 44. As a result of said breach of fiduciary duty, Plaintiff has been damaged in an amount
4 to be proven at trial but which Plaintiff believes is in excess of \$500,000.00

5 COUNT FIVE

6 Negligent Supervision

7 (As against Essex)

8 * 45. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 32,
9 34, 36, 38 through 39 and 41 through 44 as though fully set forth herein.

10 46. Plaintiff alleges that at all relevant times, Defendant Essex failed to supervise the
11 conduct of its employee Reza, so as to guarantee that Reza complied with the requirements of the
12 Commodities Exchange Act and the regulations of the CFTC and amendments thereto including, but
13 not limited to, amendments pursuant to the Dodd-Frank Act. In failing to supervise their employee,
14 either intentionally or negligently, Defendant Reza was permitted to act in a fashion antithetical to
15 the Plaintiff's best interest, all to Plaintiff's financial detriment.

16 47. As a result of said failure to supervise, Plaintiff has been damaged by Defendant's
17 conduct in amount to be proven at trial, but which is believed to be an amount in excess of
18 \$500,000.00, which amount exceeds the jurisdictional minimum of this Court.

19 COUNT SIX

20 Intentional Misrepresentation (Fraud and Deceit)

21 (As against all Defendants)

22 48. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 32,
23 34, 36, 38 through 39, 41 through 44 and 46 through 47 as though fully set forth herein.

24 49. Defendants knowingly made false representations of fact individually and
25 collectively, knowing said representations were false, and concealed or failed to disclose relevant
26 facts, whether stated directly or indirectly, or by conduct, about present and/or future facts, with the

1 intention to induce the Plaintiff to act in reliance thereon, which in fact Plaintiff did, which reliance
2 was justifiable. Plaintiff, lacking any experience of any kind in commodities and/or futures trading,
3 justifiably relied on the representations of all of the Defendants, which representations were material
4 and which representations and conduct by Defendants was causally related to damages suffered by
5 Plaintiff. In fact, Plaintiff suffered damages proximately caused by Defendants' tortious conduct in
6 amount to be proven at trial, but which is believed to be an amount in excess of \$500,000.00, which
7 amount exceeds the jurisdictional minimum of this Court.

8 COUNT SEVEN

9 Negligent Misrepresentation

10 (As against all Defendants)

11 50. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 32,
12 34, 36, 38 through 39, 41 through 44, 46 through 47 and 49 as though fully set forth herein.

13 51. Defendants and each of them made misrepresentations of fact, lacking the reasonable
14 grounds to make said misrepresentations, with the intent to induce reliance thereon, which in fact
15 Plaintiff did and entered into the brokerage agreement with Essex and in so doing, Defendants
16 breached their duty to Plaintiff and were the proximate cause of the harm visited upon Plaintiff,
17 defined as trading losses believed to be in excess of \$500,000.00 which sum exceeds the
18 jurisdictional limit of this Court.

19 COUNT EIGHT

20 Fraud

21 (As to Defendant Hanson)

22 52. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 32,
23 34, 36, 38 through 39, 41 through 44, 46 through 47, 49 and 51 as though fully set forth herein.

24 53. Defendant Hanson fraudulently induced Plaintiff to enter into the Essex brokerage
25 agreement by "guaranteeing" that he had the requisite expertise to enhance and increase Plaintiff's
26 capital investment in said account. In truth and fact, Defendant had no expertise of any kind with

1 respect to commodities and futures trading, was not a licensed broker, held no degree in finance,
2 lacked knowledge of the requisite requirements pursuant to the Federal Statutes regarding
3 commodities and futures transactions and, failed to disclose financial remuneration he would be
4 receiving from Defendants Essex and/or Reza. All representations made by Hanson were designed
5 to induce Plaintiff to act in reliance thereon, which in fact Plaintiff did to her financial detriment.
6 Furthermore, Hanson fraudulently induced Plaintiff to "loan" him a sum of money in the amount of
7 \$100,000.00 by making fraudulent representations to Plaintiff during the period of time when
8 Plaintiff lacked the mental capacity to comprehend the veracity of said statements due to her ongoing
9 medical condition referred to above, of which Hanson was fully aware, which fraud resulted in
10 Plaintiff advancing the sum of \$100,000.00, \$70,000.00 of which remains unpaid.

11 54. Plaintiff justifiably relied on the fraudulent representations made by Hanson, given
12 her medical condition, which proximately caused damage to plaintiff in amount to be proven at trial,
13 but which is believed to be an amount in excess of \$500,000.00, which amount exceeds the
14 jurisdictional minimum of this Court.

15 COUNT NINE

16 (Elder Abuse Pursuant to Welfare and Institutions

17 Code §15600, et seq. and Calif. Civil Code §3345)

18 (As to all Defendants)

19 55. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 32,
20 34, 36, 38 through 39, 41 through 44, 46 through 47, 49, 51, 53 and 54 as though fully set forth
21 herein.

22 56. At all relevant times herein, Plaintiff was an individual in her mid 70's who suffered
23 from a medical condition identified above as Hydrocephalus, commonly referred to as water on the
24 brain. The medical condition of Plaintiff was known to Defendants and each of them.
25 Notwithstanding the foregoing, Defendants and each of them acted in concert in devising an
26 investment scheme with the intention of depriving Plaintiff of her personal financial resources in

1 violation of the California Elder and Dependant Adult Civil Protection Act, California Welfare and
 2 Institutions Code §15600, et seq. In inducing Plaintiff to enter into the aforementioned investment
 3 scheme, knowing Plaintiff's lack of experience in such investments, and knowing Plaintiff's lack of
 4 capacity, Defendants nonetheless executed said investment scheme, injuring Plaintiff in a sum
 5 believed to be in excess of \$500,000.00. Defendants commission of elder abuse upon Plaintiff was
 6 committed recklessly, oppressively, fraudulently and maliciously, all to the financial advantage of
 7 Defendants and the financial detriment of Plaintiff. Said sum exceeds the jurisdictional minimum of
 8 this Court.

9 COUNT TEN

10 (Declaratory Relief)

11 (As to Defendants Essex and Reza)

12 57. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 32,
 13 34, 36, 38 through 39, 41 through 44, 46 through 47, 49, 51, 53, 54 and 56 as though fully set forth
 14 herein.

15 58. An actual controversy exists between the parties herein within the meaning of Federal
 16 Rules of Civil Procedure §57. In the event that this Court finds the absence of an oral agreement
 17 between the respective parties, the Plaintiff asks this Court to issue a declaratory judgment
 18 concerning the respective rights and duties of Plaintiff and Defendants as it applies to that certain
 19 brokerage agreement between Defendants Essex, Reza and Plaintiff.

20 59. It is further necessary and proper that this Court adjudicate and declare that the
 21 Defendants Essex and Reza acted in violation of the requirements and regulations of the
 22 Commodities Enforcement Act, CFTC and Dodd-Frank amendments thereto and in so doing, injured
 23 Plaintiff in amount to be proven at trial, but which is believed to be an amount in excess of
 24 \$500,000.00, which amount exceeds the jurisdictional minimum of this Court.

25 ///

26 ///

COUNT ELEVEN

(Accounting)

(As to Defendants Essex and Reza)

60. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 32, 34, 36, 38 through 39, 41 through 44, 46 through 47, 49, 51, 53, 54, 56, 58 and 59 as though fully set forth herein.

61. Plaintiff alleges that as a result of the various acts and omissions as herein alleged, Plaintiff is entitled to an accounting of all money received on behalf of Plaintiff, defined as Plaintiff's initial investment believed to be in excess of \$800,000.00, as well as an accounting of all fees to Essex and Reza and/or third parties including but not limited to Hanson.

COUNT TWELVE

(Involuntary Trust Pursuant to Calif. Civil Code §2224)

(As to all Defendants)

62. Plaintiff repeats and realleges the allegations contained in paragraphs 1 through 32, 34, 36, 38 through 39, 41 through 44, 46 through 47, 49, 51, 53, 54, 56, 58, 59 and 61 as though fully set forth herein.

63. Defendants and each of them have gained revenues and profits by fraud, undue influence, breach of fiduciary duty, by violation of the Commodity Enforcement Act, CFTC Regulations and Dodd-Frank amendments thereto, and other wrongful acts as identified and alleged herein, all in derogation of the rights of Plaintiff and in violation of California Civil Code §2224.

64. All revenues and fees received by Defendants and each of them resulting from the acts and omissions alleged herein, rightfully belonging to Plaintiff and therefore Defendants, and each of them, are involuntary trustees for the benefit of Plaintiff of all said funds.

65. Plaintiff seeks an order disgorging and remitting to Plaintiff all benefits, revenues and/or fees obtained by Defendants as a result of their unlawful and wrongful acts as alleged herein.

///

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment against Defendants jointly and severally as follows:

COUNT ONE:

1. For general damages in an amount to be determined at trial;
2. For punitive damages in an amount to be determined at trial.

COUNT TWO:

1. For general damages in an amount to be determined at trial;
2. For punitive damages in an amount to be determined at trial.

COUNT THREE:

1. For general damages in an amount to be determined at trial

COUNT FOUR:

1. For general damages in an amount to be determined at trial;
2. For punitive damages in an amount to be determined at trial.

COUNT FIVE:

1. For general damages in an amount to be determined at trial;
2. For special damages in an amount to be determined at trial.

COUNT SIX

1. For general damages in an amount to be determined at trial;
2. For punitive damages in an amount to be determined at trial.

COUNT SEVEN:

1. For general damages in an amount to be determined at trial;
2. For special damages in an amount to be determined at trial.

COUNT EIGHT:

1. For general damages in an amount to be determined at trial;
2. For punitive damages in an amount to be determined at trial.

///

1. For general damages pursuant to Welfare and Institutions Code 15600, et seq., and California Civil Code §3345;
2. For punitive damages in an amount to be determined at trial.

1. That the Court find and declare that the brokerage agreement between Defendants and Plaintiff is null and void and that Defendants pay to Plaintiff the sum of \$523,000.00.

1. That Defendants, and each of them, be required to provide a complete and accurate accounting reflecting all monies deposited by Plaintiff into said brokerage account; all fees generated by said brokerage account to said Defendants; and any other disbursements made from said brokerage account prior to the termination thereof.

1. That Defendants, and each of them, be adjudged involuntary trustees for the benefit of Plaintiff, of any and all monies deposited into said brokerage account and disbursed therefrom, for the benefit of Plaintiff;

1. For pre-judgment interest;
2. Treble damages where applicable;
3. Costs of suit herein incurred;
4. Attorneys fees where applicable; and
5. For such other and further relief as this Court deems just and proper.

able; and

rief as this Court deems just and prop

S OF SANFORD M. PASSMAN

. Passman, Attorney for Plaintiff Ela

DATED: September 5, 2013 By: Sanford M. Passman, Attorney for Plaintiff Elaine Gregorius

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

NOTICE OF ASSIGNMENT TO UNITED STATES JUDGES

This case has been assigned to District Judge Cormac J. Carney and the assigned
Magistrate Judge is Robert N. Block.

The case number on all documents filed with the Court should read as follows:

SACV13-1412 CJC RNBx

Pursuant to General Order 05-07 of the United States District Court for the Central District of California, the Magistrate Judge has been designated to hear discovery related motions.

All discovery related motions should be noticed on the calendar of the Magistrate Judge.

Clerk, U. S. District Court

September 11, 2013

Date

By J. Prado
Deputy Clerk

NOTICE TO COUNSEL

A copy of this notice must be served with the summons and complaint on all defendants (if a removal action is filed, a copy of this notice must be served on all plaintiffs).

Subsequent documents must be filed at the following location:

- | | | |
|-------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Western Division 312 N. Spring Street, G-8 Los Angeles, CA 90012 | <input checked="" type="checkbox"/> Southern Division 411 West Fourth St., Ste 1053 Santa Ana, CA 92701 | <input type="checkbox"/> Eastern Division 3470 Twelfth Street, Room 134 Riverside, CA 92501 |
|-------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|

Failure to file at the proper location will result in your documents being returned to you.

Name & Address:

Sanford M. Passman, SBN 77701
 Law Offices of Sanford M. Passman
 6303 Wilshire Blvd., Suite 207
 Los Angeles, CA 90048
 (323) 852-1883

UNITED STATES DISTRICT COURT
 CENTRAL DISTRICT OF CALIFORNIA

ELAINE GREGORIUS,

CASE NUMBER

PLAINTIFF(S)

SA CV13-1412 CT (RNB)

v.
 ESSEX FUTURES, an entity the form of which is
 unknown; GHOLAMREZA SHIRAZI aka REZA
 SHIRAZI, an individual; (continued on attachment)

DEFENDANT(S).

SUMMONS

TO: DEFENDANT(S):

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it), you must serve on the plaintiff an answer to the attached ☒ complaint ☐ amended complaint ☐ counterclaim ☐ cross-claim or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorney, Sanford M. Passman, whose address is 6303 Wilshire Blvd., Suite 207, Los Angeles, CA 90048. If you fail to do so, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

Clerk, U.S. District Court

Dated: SEP 11 2013

By:

JULIE PRADO

Deputy Clerk

(Seal of the Court)

[Use 60 days if the defendant is the United States or a United States agency, or is an officer or employee of the United States. Allowed 60 days by Rule 12(a)(3)].

CONTINUATION OF DEFENDANTS

MICHAEL HANSON, an individual; and DOES 1 through 10, inclusive.

ATTACHMENT TO SUMMONS

FOR OFFICE USE ONLY: Case Number:

CV-71 (02/13)

UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET

VIII(a). IDENTICAL CASES: Has this action been previously filed in this court and dismissed, remanded or closed? ☒ NO ☐ YES

If yes, list case number(s): _____

VIII(b). RELATED CASES: Have any cases been previously filed in this court that are related to the present case? ☒ NO ☐ YES

If yes, list case number(s): _____

Civil cases are deemed related if a previously filed case and the present case:

(Check all boxes that apply)

- ☐ A. Arise from the same or closely related transactions, happenings, or events; or
- ☐ B. Call for determination of the same or substantially related or similar questions of law and fact; or
- ☐ C. For other reasons would entail substantial duplication of labor if heard by different judges; or
- ☐ D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

IX. VENUE: (When completing the following information, use an additional sheet if necessary.)

(a) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** named plaintiff resides.

☐ Check here if the government, its agencies or employees is a named plaintiff. If this box is checked, go to item (b).

| | |
|---------------------------|-------------------------------------------------------------------------------------------------|
| County in this District:* | California County outside of this District; State, if other than California; or Foreign Country |
| Orange | |

(b) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** named defendant resides.

☐ Check here if the government, its agencies or employees is a named defendant. If this box is checked, go to item (c).

| | |
|---------------------------|-------------------------------------------------------------------------------------------------|
| County in this District:* | California County outside of this District; State, if other than California; or Foreign Country |
| Orange | |

(c) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** claim arose.
NOTE: In land condemnation cases, use the location of the tract of land involved.

| | |
|---------------------------|-------------------------------------------------------------------------------------------------|
| County in this District:* | California County outside of this District; State, if other than California; or Foreign Country |
| | |

*Los Angeles, Orange, San Bernardino, Riverside, Ventura, Santa Barbara, or San Luis Obispo Counties

Note: In land condemnation cases, use the location of the tract of land involved

X. SIGNATURE OF ATTORNEY (OR SELF-REPRESENTED LITIGANT): _____ **DATE:** September 10, 2013

Notice to Counsel/Parties: The CV-71 (JS-44) Civil Cover Sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet).

Key to Statistical codes relating to Social Security Cases:

| Nature of Suit Code | Abbreviation | Substantive Statement of Cause of Action |
|---------------------|--------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 861 | HIA | All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935ff(b)) |
| 862 | BL | All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969, (30 U.S.C. 923) |
| 863 | DIWC | All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405 (g)) |
| 863 | DIWW | All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended, (42 U.S.C. 405 (g)) |
| 864 | SSID | All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended. |
| 865 | RSI | All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405 (g)) |